

**From:** Harry Hochheiser  
**To:** Microsoft ATR, hsh@cs.umd.edu@inetgw  
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**Subject:** Microsoft Settlement.

The proposed settlement of the Microsoft anti-trust agreement is does not go far enough. By leaving the basic components of Microsoft's dominance in the PC operating system and office application markets untouched, this proposal does little, if anything at all, to enhance meaningful competition. This proposal should be replaced by a stronger settlement that opens the way for realistic opportunities for competition in desktop operating system and productivity software.

Microsoft's dominance in the OS market has led to a situation that is fraught with dangers for the computer-using public. The susceptibility of Windows machines to viruses points out the costs of a closed, vendor-driven operating system: substantial economic inconveniences caused by Code Red and related viruses are directly attributable to Microsoft design and marketing practices, and could easily have been avoided. Furthermore, operating costs due to reliability and usability problems of Microsoft software place a burden on businesses, schools, and government agencies that make substantial use of computers.

Microsoft's monopoly on the operating system and office applications has also led to a slowing in innovation: without meaningful competition, advances in application tools, interfaces, and reliability have slowed. New releases of Microsoft products appear to be driven by a desire to sell additional software licenses, rather than by any meaningful innovation. Microsoft products that are shipped bundled with new computers should be priced separately, to provide consumers with information necessary to make informed decisions about the costs of Microsoft products.

Any settlement should include provisions that would create the realistic possibility of a completely compatible alternative to Windows and the Office Suite. Specifically:

- Operating systems API interfaces, file formats, network protocols, and other details should be published and freely available to any interested software developers. Provision of this information post-fact to commercial developers on a fee basis is insufficient. Substantial fees for access to this information would essentially close off the vital open-source community, and delays in dissemination would significantly reduce the value of this information.
- New versions of software should maintain compatibility with older

Microsoft products and existing competitive products. In particular, Microsoft should be required to use file formats that are based on community-supported consensus and widespread publication.

- Microsoft products must respect ongoing standards efforts and refrain from using extensions that place competitors at significant disadvantages. Microsoft-specific extensions HTML tags that go beyond accepted standards of the World Wide Web Consortium have made use of Netscape Navigator increasingly difficult. Where standards such as HTML exist, Microsoft should be required to adhere to standards as published.

Microsoft and its supporters can be expected to argue that these measures would raise the cost of innovation and stifle advances in the state of the art. The recent history of the computer industry does not support this view. Efforts such as SMTP and POP3 protocols for Internet mail, the World wide web, and Linux have proven the ability of open standards and common shared platforms to foster development of software that innovates and provides value to end users. The Microsoft settlement must be strengthened to achieve these goals.

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Harry Hochheiser                      hsh@cs.umd.edu  
Human-Computer Interaction Lab, University of Maryland  
Director-at-Large, Computer Professionals for Social Responsibility  
<http://www.cs.umd.edu/~hsh> <http://www.cpsr.org>  
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